

Assembly Constitutional Amendment

No. 12

Introduced by Assembly Member Plescia

January 15, 2008

Assembly Constitutional Amendment No. 12—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 12 of Article IV thereof, by amending Section 3 of Article XIII A thereof, and by amending Section 6 of Article XIII B thereof, relating to state finances.

LEGISLATIVE COUNSEL’S DIGEST

ACA 12, as introduced, Plescia. State budget: state mandated local programs

(1) Existing provisions of the California Constitution specify the procedures and time by which the Legislature shall pass a budget bill to provide for the support of state operations. Existing constitutional provisions require the Legislature to pass a budget bill by June 15 of each year.

This measure would require the Legislative Analyst to determine and report to the Legislature whether the enacted budget bill is a balanced state budget, as defined. If the Legislative Analyst reports that it is not a balanced state budget, the Legislature is required to pass and send the Governor a bill or bills to balance the state budget within 15 days and the Governor may reduce expenditures in the enacted budget bill as necessary to balance the state budget if the Legislature does not do so. The measure would also require the Legislative Analyst to make a similar determination and report quarterly. The measure would provide that if the Legislature does not pass and send the Governor a bill or bills to balance the state budget within 15 days after a quarterly report, the

Governor may reduce appropriations in the enacted budget bill as necessary to balance the state budget.

(2) Existing constitutional provisions require each house of the Legislature to pass a bill appropriating money from the General Fund, except appropriations for the public schools, by a 2/3 vote.

This measure would also exempt from this vote requirement appropriations in the budget bill.

(3) The California Constitution requires a change in state taxes enacted for the purpose of increasing state revenues to be by a $\frac{2}{3}$ vote of each house of the Legislature.

This measure would instead require a $\frac{2}{3}$ vote by each house of the Legislature for a bill making any increase in state taxes or state fees.

(4) Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, the state is required to provide a subvention of funds to reimburse the local government, with specified exceptions.

This measure would instead provide that the local government need not provide the new program or higher level of service until it has received a state subvention of funds to reimburse the local government. The measure would also eliminate the specified exceptions to this requirement.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

1 *Resolved by the Assembly, the Senate concurring,* That the
2 Legislature of the State of California at its 2007-08 Regular Session
3 commencing on the fourth day of December 2006, two-thirds of
4 the membership of each house concurring, hereby proposes to the
5 people of the State of California, that the Constitution of the State
6 be amended as follows:

7 First—That Section 12 of Article IV thereof is amended to read:

8 SEC. 12. (a) Within the first 10 days of each calendar year,
9 the Governor shall submit to the Legislature, with an explanatory
10 message, a budget for the ensuing fiscal year containing itemized
11 statements for recommended state expenditures and estimated state
12 revenues. If recommended expenditures exceed estimated revenues,
13 the Governor shall recommend the sources from which the
14 additional revenues should be provided.

1 (b) The Governor and the Governor-elect may require a state
2 agency, officer, or employee to furnish whatever information is
3 deemed necessary to prepare the budget.

4 (c) (1) The budget shall be accompanied by a budget bill
5 itemizing recommended expenditures.

6 (2) The budget bill shall be introduced immediately in each
7 house by the persons chairing the committees that consider the
8 budget.

9 (3) The Legislature shall pass the budget bill by midnight on
10 June 15 of each year.

11 (4) ~~Until the budget~~ *Within 72 hours of the enactment of the*
12 *budget bill, the Legislative Analyst shall determine and report to*
13 *the Legislature on whether the enacted budget bill is a balanced*
14 *state budget. If the Legislative Analyst reports that the enacted*
15 *budget bill is not a balanced state budget, the Legislature shall*
16 *pass and send to the Governor a bill or bills to balance the state*
17 *budget within 15 days of the issuance of that report, and if the*
18 *Legislature does not do so the Governor may reduce*
19 *appropriations in the enacted budget bill as necessary to balance*
20 *the state budget.*

21 (5) *The Legislative Analyst shall determine and report quarterly*
22 *to the Legislature whether the state budget remains balanced.*
23 *These reports shall be delivered to the Joint Legislative Budget*
24 *Committee no later than October 1, January 1, and April 1 for the*
25 *current fiscal year. If the Legislative Analyst reports that the state*
26 *budget is not balanced, the Legislature shall pass and send to the*
27 *Governor a bill or bills to balance the state budget within 15 days*
28 *of the issuance of that report, and if the Legislature does not do*
29 *so the Governor may reduce appropriations in the enacted budget*
30 *bill as necessary to balance the budget.*

31 (6) *As used in this section, a balanced state budget is an enacted*
32 *budget bill that meets the requirement set forth in subdivision (f).*

33 (7) *Until the budget bill has been enacted, the Legislature shall*
34 *not send to the Governor for consideration any bill appropriating*
35 *funds for expenditure during the fiscal year for which the budget*
36 *bill is to be enacted, except emergency bills recommended by the*
37 *Governor or appropriations for the salaries and expenses of the*
38 *Legislature.*

39 (d) No bill except the budget bill may contain more than one
40 item of appropriation, and that for one certain, expressed purpose.

1 Appropriations from the General Fund of the State, except
2 appropriations for the public schools *or appropriations made in*
3 *the budget bill*, are void unless passed in each house by rollcall
4 vote entered in the journal, two-thirds of the membership
5 concurring.

6 (e) The Legislature may control the submission, approval, and
7 enforcement of budgets and the filing of claims for all state
8 agencies.

9 (f) For the 2004–05 fiscal year, or any subsequent fiscal year,
10 the Legislature may not send to the Governor for consideration,
11 nor may the Governor sign into law, a budget bill that would
12 appropriate from the General Fund, for that fiscal year, a total
13 amount that, when combined with all appropriations from the
14 General Fund for that fiscal year made as of the date of the budget
15 bill’s passage, and the amount of any General Fund moneys
16 transferred to the Budget Stabilization Account for that fiscal year
17 pursuant to Section 20 of Article XVI, exceeds General Fund
18 revenues for that fiscal year estimated as of the date of the budget
19 bill’s passage. That estimate of General Fund revenues shall be
20 set forth in the budget bill passed by the Legislature.

21 Second—That Section 3 of Article XIII A thereof is amended
22 to read:

23 Section 3. ~~From and after the effective date of this article, any~~
24 ~~changes~~ *Any increases* in state taxes ~~enacted for the purpose of~~
25 ~~increasing revenues collected pursuant thereto or state fee~~ whether
26 by increased rates, ~~or~~ changes in methods of computation, *or a*
27 *change in the persons subject to the state tax or state fee* must be
28 imposed by an Act passed by not less than two-thirds of all
29 members elected to each of the two houses of the Legislature,
30 except that no new ad valorem taxes on real property, or sales or
31 transaction taxes on the sales of real property may be imposed.

32 Third—That Section 6 of Article XIII B thereof is amended to
33 read:

34 SEC. 6. (a) Whenever the Legislature or any state agency
35 mandates a new program or higher level of service on any local
36 government, ~~the State shall provide~~ *local government need not*
37 *provide the new program or higher level of service until it has*
38 *received from the State* a subvention of funds to reimburse that
39 local government for the costs of the program or increased level

1 of-service, except that the Legislature may, but need not, provide
2 a subvention of funds for the following mandates: *service*.

3 (1) Legislative mandates requested by the local agency affected.

4 (2) Legislation defining a new crime or changing an existing
5 definition of a crime.

6 (3) Legislative mandates enacted prior to January 1, 1975, or
7 executive orders or regulations initially implementing legislation
8 enacted prior to January 1, 1975.

9 (b) (1) Except as provided in paragraph (2), for the 2005-06
10 fiscal year and every subsequent fiscal year, for a mandate for
11 which the costs of a local government claimant have been
12 determined in a preceding fiscal year to be payable by the State
13 pursuant to law, the Legislature shall either appropriate, in the
14 annual Budget Act, the full payable amount that has not been
15 previously paid, or suspend the operation of the mandate for the
16 fiscal year for which the annual Budget Act is applicable in a
17 manner prescribed by law.

18 (2) Payable claims for costs incurred prior to the 2004-05 fiscal
19 year that have not been paid prior to the 2005-06 fiscal year may
20 be paid over a term of years, as prescribed by law.

21 (3) Ad valorem property tax revenues shall not be used to
22 reimburse a local government for the costs of a new program or
23 higher level of service.

24 (4) This subdivision applies to a mandate only as it affects a
25 city, county, city and county, or special district.

26 (5) This subdivision shall not apply to a requirement to provide
27 or recognize any procedural or substantive protection, right, benefit,
28 or employment status of any local government employee or retiree,
29 or of any local government employee organization, that arises
30 from, affects, or directly relates to future, current, or past local
31 government employment and that constitutes a mandate subject
32 to this section.

33 (e)

34 (b) A mandated new program or higher level of service includes
35 a transfer by the Legislature from the State to cities, counties, cities
36 and counties, or special districts of complete or partial financial
37 responsibility for a required program for which the State previously
38 had complete or partial financial responsibility.